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## Summary of Amended Rule Military Affairs Grant Program

### Purpose

The Arkansas Economic Development Commission (AEDC) has promulgated an amended rule for the agency's Military Affairs Grant Program. The amended rule conforms the program's rule to Act 522 of 2021.

### Background

Act 522 of 2021 codified AEDC's existing Military Affairs Grant Program in the Arkansas Military Affairs Council Act at §15-4-3908. The rule defines the process by which AEDC administers the discretionary grant program. The program grants funding to eligible applicants for programs and projects that strengthen and sustain military installations in Arkansas. The rule outlines the application and approval process, disbursement of grant funds, and reporting requirements by a grantee.

### Key Points

Amendments to the rule are as follows:

- Clarifies the definition of Council to mean the Arkansas Military Affairs Council;
- Adds a definition of "executive director" to mean the executive director of AEDC;
- Amends the definition of "Military Community Council" to reflect language in Act 522 of 2021;
- Amends the rule to include rulemaking authority to administer the program provided to AEDC in Act 522 of 2021; and
- Makes various technical corrections to the rule.

### Effective date

The final rule is effective on November 29, 2021

# Military Affairs Grant Program

## Rules

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### I. Introduction

#### Overview

Act 522 of 2021 created the Arkansas Military Affairs Council Act. The Act codified the existing Military Affairs Grant Program administered by the Arkansas Economic Development Commission.

Funds allocated to the MAGP may be granted, at the discretion of the AEDC Executive Director, to applicants meeting eligibility requirements for projects and programs that strengthen and sustain military installations in Arkansas, resulting in economic growth in host communities, surrounding regions, and the State of Arkansas. As such, grants are intended to leverage, not supplant, other funding sources.

#### Program Rule Summary

1. AEDC will periodically solicit MAGP applications as funding becomes available.
2. Eligible applicants shall submit completed applications, on forms prescribed by AEDC and in accordance with submittal deadlines, to request grant funding from the MAGP.
3. The AEDC Military Affairs Director, with advice from the Governor's Military Affairs Council, shall review and recommend applications for grant funding to the Executive Director.
4. Applicants receiving approval from the Executive Director shall execute grant agreements with AEDC specifying grant terms and conditions.
5. Grant funding shall be made available to grantees on a cost incurred basis, subsequent to submittal of requests for payment on forms prescribed by AEDC.
6. Grantees shall submit quarterly progress reports throughout the duration of the grant project in accordance with grant terms and conditions.
7. A contingency of up to ten percent (10%) of the grant award may be withheld from final payment until all closeout documents have been submitted and have been approved by AEDC.

#### Contact Information

For more information, please contact:  
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## II. Definitions

1. “AEDC” means the Arkansas Economic Development Commission;
2. “City” means any city of the first class, city of the second class, or any incorporated town in this state;
3. “Council” means the Arkansas Military Affairs Council appointed by the Governor pursuant to 15-4-3904;
4. “County” means any county in this state;
5. “Director” shall mean the Military Affairs Director of the Military Affairs Division of AEDC.
6. “Economic development organization” means a-business entity:
  - A. In good standing with the Secretary of State; and
  - B. Formed to promote community and economic development in a geographic area in Arkansas.
7. “Eligible applicant” means a:
  - A. City;
  - B. County;
  - C. Economic development organization;
  - D. Military Community Council;
  - E. Military installation; and
  - F. State agency;
8. “Executive Director” shall mean the Executive Director of AEDC.
9. “Ineligible costs” means:
  - A. Obligations incurred prior to the eligibility date for incurring project costs as specified in the grant agreement;
  - B. Expenditures for routine repair, maintenance, and operation;
  - C. Expenditures that are unsupported by documentation;
  - D. Project administration costs, including salaries and benefits for grantee personnel, in excess of ten percent (10%) of the grant award;
  - E. Lobbying expenditures;
  - F. Purchases of alcohol;
  - G. Entertainment expenses, including meals and activity fees;
  - H. Travel not directly related to the project; and

- I. Purchases of material and services that result in benefits accruing to areas outside the State of Arkansas;
- 10. “MAGP” means the Military Affairs Grant Program as administered by the Military Affairs Division of AEDC;
- 11. “Military Community Council” means a business entity:
  - A. In good standing with the Arkansas Secretary of State;
  - B. Formed to promote cooperation between military and civilian components of a designated geographic area within Arkansas through the adoption and implementation of matters of joint interest to a military installation and the surrounding community by establishing and maintaining:
    - (i) Necessary infrastructure;
    - (ii) Safe and secure communities; and
    - (iii) Support services.
- 12. “Military installation” means:
  - A. Facilities located in Arkansas under the jurisdiction of the United States Department of Defense or the Arkansas Department of the Military, including a:
    - (i) Base;
    - (ii) Camp;
    - (iii) Post;
    - (iv) Station;
    - (v) Yard;
    - (vi) Center; and
    - (vii) Homeport facility for any ship.
  - B. “Military installation” does not include any facility used primarily for:
    - (i) National guard armories;
    - (ii) Civil works;
    - (iii) Rivers and harbors projects; and
    - (iv) Flood control projects.

### **III. Eligibility**

#### **Applicants**

To be eligible to receive MAGP funding, an applicant shall:

- 1. Meet program objectives stated in these rules;
- 2. Meet the definition of “eligible applicant”;
- 3. For projects within the legal boundaries of military installations, provide written support for the project by the commander of the military installation to which benefits will accrue; and

4. Submit a completed application on the forms developed for such purpose by the Military Affairs Division, including any required attachments and supplemental information specified on the forms.

### **Eligible Costs**

AEDC will review all expenditure requests prior to payment to ensure that costs are consistent with the terms and conditions of the grant agreement and are not “ineligible costs” as defined by these rules. AEDC will disallow all ineligible costs and will only fund expenditures directly related to projects.

## **IV. Application Process, Review, and Approval**

### **Application Process**

AEDC will periodically solicit MAGP applications as funding becomes available. To request funds under the MAGP, eligible applicants shall, utilizing forms prescribed by AEDC, submit a completed, signed application with all supporting documentation to the Director by the specified submittal due date. Applications shall include:

1. A project title;
2. Applicant contact information;
3. Organizational information;
4. Sources of all funds, including prior MAGP awards, for this project;
5. Previous MAGP awards not included in item #4 above;
6. Proposal information;
7. The amount of funding requested; and
8. Start and completion dates of the project.

### **Application Review and Approval**

No grant offer shall be made by the Executive Director to an applicant until the applicant has completed the following review and approval process.

1. The Director shall conduct a preliminary review of each application to confirm that it:
  - A. Was received on or before the due date specified in the application solicitation;
  - B. Was submitted by an eligible applicant;
  - C. Meets the objectives of the program;
  - D. Identifies clearly defined, measurable outcomes;
  - E. Includes a letter of support from the installation commander if the project is located within the legal boundaries of the military installation; and
  - F. Is complete, including all required appendices and attachments.

2. All applications meeting preliminary review requirements, as determined by the Director, will be forwarded to the Military Affairs Council at least fifteen (15) days prior to the next scheduled Council meeting.
3. The Council shall:
  - A. Review each application in accordance with the MAGP Funding Recommendation Worksheet; and
  - B. Forward completed MAGP Funding Recommendation Worksheets to the Director.
4. The Director shall review each application in accordance with AEDC scoring criteria and funding recommendations provided by the Committee.
5. Upon completion of reviews, the Director will provide funding recommendations to the Executive Director.
6. The Executive Director, after reviewing the Director's recommendations, will specify which applicants may receive grants.
  - A. Unsuccessful applicants will be notified in writing by the Director.
  - B. Approved applicants will be required to execute a grant agreement with AEDC outlining the amount, terms, and conditions of the grant.

## **V. Grant Agreements**

1. All MAGP grants shall be awarded at the discretion of the Executive Director. Grant agreements shall specify:
  - A. The eligibility date for incurring costs for the project or program;
  - B. Projected completion date of the portion of the project or program funded by the grant ;
  - C. Terms and conditions of the grant agreement;
  - D. The amount of approved costs; and
  - E. The process by which grant funds shall be disbursed to the grantee.
2. The amount of the grant shall be discretionary and may be for amounts less than requested, subject to funding availability, and Executive Director's discretion.
3. Grants may be funded from any source of funds appropriated and allocated to the MAGP.
4. Grants will be executed according to the following process:
  - A. Two original copies of the grant agreement will be prepared by the Director and forwarded to the grantee for signature and return.
  - B. Upon receipt of the signed grant agreements from the grantee, the Director will prepare an approval letter and forward the grant agreement and the approval letter to the Executive Director for signature.
  - C. One original copy of the grant agreement will be forwarded to the grantee with the approval letter.

## **VI. Grant Disbursement**

1. Expenditures incurred before the eligibility date for incurring projects costs specified in the grant agreement are ineligible.
2. A contingency of up to ten percent (10%) of the grant award may be withheld from final payment until all closeout documents have been submitted and have been approved by AEDC.

## **VII. Reporting**

Grantees shall submit quarterly progress reports throughout the duration of the grant agreement in accordance with terms specified in the grant agreement. Failure to submit reports in a timely manner may delay disbursement of grant funds.

The Director shall submit quarterly reports to the Council for discussion at Council meetings.

## **VIII. Rulemaking Authority**

AEDC has authority, at §15-4-3910, to promulgate rules necessary to administer the Military Affairs Grant Program